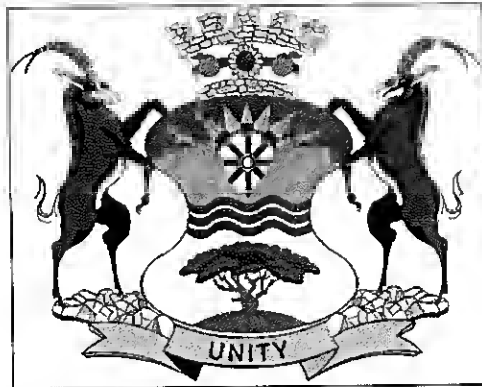


RUSTENBURG LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2011

Rustenburg



"A successful Rustenburg for the benefit of all"

RUSTENBURG LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2011

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**RUSTENBURG LOCAL MUNICIPALITY
GENERAL INFORMATION**

EXECUTIVE MAYOR	Councillor Knunou M
SPEAKER	Councillor Wolmarans MJ
CHIEF WHIP	Councillor Mabale-Huma SSK

MEMBERS OF THE MAYORAL COMMITTEE

Clr	Serongoane PH	Mayoral Committee Member for Technical & Infrastructure Services
Clr	Mataboge AL	Mayoral Committee Member for Planning & Human Settlement
Clr	Mpengu ML	Mayoral Committee Member for Public Safety
Clr	Lekoro BF	Mayoral Committee Member for Corporate Support Services
Clr	Phiri JM	Mayoral Committee Member for Budget & Treasury Office
Clr	Marekoa BB	Mayoral Committee Member for Community Development
Clr	Mhlungu SBM	Mayoral Committee Member for Local Economic Development
Clr	Maifala TH	Mayoral Committee Member for IDP & Rural Development

MEMBERS OF AUDIT COMMITTEE

Mr Mogotsi I S (Chairperson)
Mr Michael M K
Mr Tau M

AUDITORS	The Auditor-General, Rustenburg
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BANKERS	ABSA, Rustenburg
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REGISTERED OFFICE	Missioner Mpheni House Beyers Naude street Rustenburg
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ACTING MUNICIPAL MANAGER	Mr. Victor Makona
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ACTING CHIEF FINANCIAL OFFICER	Mr. Harry Mashao
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COUNCIL MEMBERS OF RUSTENBURG LOCAL MUNICIPALITY

COUNCILLOR	COUNCILLOR	COUNCILLOR
Baloi D	Banda JT	Beukes E
Bisschoff EJ	Bothomane P	Coetzee D
Diutlwile MM	Dlunge W	Du Plessis GJ
Grove IA	Haasbroek M	Kgaladi P
Khunou CS	Klaas LP	Letlhoo MD
Lombaard A	Mabale-Huma SSK	Magetse GD
Makhaula VM	Makhutle MP	Makopo T
Malan A	Malebana-Metsing PIR	Malinga WS
Mantsho RB	Maqwane L	Mashishi-Ntsime JI
Masilo QS	Matabane E	Miny C
Mmolotsi CN	Mogotsi MM	Mohube MM
Mokgotlhwe SE	Mokowe NE	Molatlhegi P
Molefe JL	Mosome PD	Motlhamme D
Motlhasedi P	Motlokoa GV	Motshegwe S
Motsoadi P	Mputle GJ	Mzizi J
Ndlovu A	Ntshole M	Omarjee M
Phologane APM	Poopedi JM	Putu N
Pitsoe DI	Segaole B	Segoai SS
Segale M	Sepotokele M	Seriteng S
Sephai J	Smith LJ	Tlhapi PP
Tsamai A	Tsienyane P	Tsitsi AF
Van der Wal CR	Vosloo JM	Willemsse M



RUSTENBURG LOCAL MUNICIPALITY

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2011**

As Accounting Officer I am responsible for the preparation of the annual financial statements as set out on pages 1 to 50 in terms of section 126(1) (a) of the Municipal Finance Management Act, Act no 56 of 2003, and have accordingly signed the statements on behalf of the Rustenburg Local Municipality.

I certify, in terms of section 124(1) of the Municipal Finance Management Act, that the salaries, allowances and benefits of Councillors as disclosed in the notes to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr. V.S. Makona
Acting Municipal Manager

Date: 31 August 2011

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2011

	Note	2011 R	Restated 2010 R
NET ASSETS AND LIABILITIES			
Net assets		1 650 664 895	1 423 641 803
Housing Development Fund	2	18 443 855	21 736 738
Capital replacement reserve	3	381 302 205	281 729 677
Self-insurance reserve	3	34 604 359	30 538 330
Accumulated Surplus/(Deficit)	4	1 216 314 476	1 089 637 058
Non-current liabilities		208 979 616	207 937 209
Long-term borrowings	5	97 185 107	100 121 731
Non-current provisions	6	111 794 509	107 815 478
Current liabilities		410 989 039	417 790 903
Consumer deposits	7	23 029 072	22 363 107
Provisions	8	169 140	3 548 184
Payables	9	202 765 695	249 738 410
Unspent conditional grants and receipts	10	84 692 639	75 565 261
VAT	11	92 902 350	62 767 483
Current portion of long-term borrowings	5	7 430 143	3 808 458
Total Net Assets and Liabilities		2 270 633 550	2 049 369 915
ASSETS			
Non-current assets		1 311 944 903	1 210 951 627
Property, plant and equipment	12	1 305 806 942	1 201 931 116
Heritage assets	13	429 115	429 115
Investment property	14	1 233 206	1 301 985
Investments	15	694 884	694 884
Long-term receivables	16	3 780 756	6 594 527
Current assets		958 688 647	838 418 288
Inventory	17	45 481 795	48 083 415
Consumer debtors	18	213 068 094	221 315 207
Other debtors	19	10 362 918	9 041 076
Current portion of long-term receivables	16	95 724	107 691
Short-term fixed deposits	20	582 301 423	452 587 767
Bank balances and cash	21	107 378 693	107 283 132
Total Assets		2 270 633 550	2 049 369 915

RUSTENBURG LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

Budget		Actual		
2011 R		Note	2011 R	Restated 2010 R
REVENUE				
163 115 033	Property rates	22	165 347 437	149 101 465
1 411 699 450	Service charges	23	1 372 391 306	1 147 578 624
10 029 429	Rental of facilities and equipment		5 540 375	5 280 405
22 211 080	Interest earned - external investments		39 894 522	41 761 354
98 146 320	Interest earned - outstanding debtors		100 187 483	70 944 791
12 174 831	Fines		2 570 809	1 487 556
-	Dividends received		15 261	13 802
-	Royalties		332 951	17 749 723
11 291 070	Licenses and permits		8 649 832	7 785 610
11 615 000	Income from Agency services		12 590 558	13 705 274
494 935 671	Grants and subsidies	24	447 976 591	445 767 691
36 172 982	Other income	25	19 160 764	29 198 314
-	Gains on disposal of PPE		1 441 012	18 871 154
(24 870 588)	Less: Income foregone		(18 725 198)	(16 835 501)
2 246 520 278	Total Revenue		2 157 373 703	1 932 410 262
EXPENDITURE				
307 712 703	Employee related costs	26	296 302 940	173 980 300
20 129 064	Remuneration of Councillors	27	20 889 361	16 907 840
30 225 751	Repairs and maintenance		30 528 131	28 970 338
93 235 396	Contracted services		85 352 433	69 354 717
14 968 645	Interest paid	28	13 566 985	13 325 962
203 395 480	General expenses	32	163 435 956	338 284 468
336 000	Grants and subsidies paid	31	305 235	248 299
304 507 479	Bad debts provision	18	265 246 369	232 829 000
100 028 161	Depreciation	29	97 950 813	92 876 964
1 053 354 142	Bulk purchases	30	946 856 758	783 019 168
16 200 000	Collection costs		5 982 291	4 808 057
-	Loss on disposal of property, plant and equipment		-	-
2 144 092 821	Total Expenditure		1 926 417 274	1 754 605 113
102 427 457	SURPLUS/(DEFICIT) FOR THE YEAR		230 956 431	177 805 151

Refer to Appendix E(1) for a comparison with the approved budget

Refer to Appendix E(1) for a comparison with the approved budget

RUSTENBURG LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Housing Develop. Fund (Internal)	Housing Develop. Fund (Grant)	Capital Replacement Reserve	Capitalization Reserve	Government Grant Reserve	Donations and Public Contribution Reserve	Self-Insurance Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R	R	R	R
2010									
Balance at 30 June 2009	5 923 566	16 462 035	225 352 054	221 361 530	512 249 471	28 426 636	27 158 599	219 763 188	1 256 697 079
Adjustment of asset values disclosed previously	-	-	-	4 858 383	-	-	-	66 866 313	71 724 696
Correction of previous year statement of performance	-	-	-	-	-	-	-	(1 122 161)	(1 122 161)
Contribution approved by NER: 2% of electricity sales	-	-	18 525 339	(388 907)	(740 128)	1 304	-	(18 525 339)	-
Change in offsetting of depreciation	-	-	-	-	-	-	-	1 127 731	-
Restated balance 1 July 2009	5 923 566	16 462 035	243 877 393	225 831 006	511 509 343	28 427 940	27 158 599	268 109 732	1 327 299 614
Surplus/(deficit) for the year									
Transfer to CRR			92 607 929					177 805 151	177 805 151
Contribution approved by NER: 2% of electricity sales			9 262 669					(9 262 669)	
Capital grants used to purchase PPE			(80 311 267)					80 311 267	
Contribution from Acc.Surplus: Assets purchased				144 570	150 811 750	6 228 522		(150 811 750)	
Contribution from Acc.Surplus: Assets purchased							229 500	(6 228 522)	
Contribution to Insurance Reserve - Vehicles							2 593 194	(144 570)	
Contribution to Insurance Reserve							(1 406 531)	(229 500)	
Contribution from Insurance Reserve							1 963 568	(2 593 194)	
Increase/(decrease) in Housing Development Fund		(1 991 325)			(1 342)			(172 494)	(1 991 325)
Contribution to 2010 FIFA World Soccer-Interest	428 273	914 189	16 292 953	(209 170)	(35 911 896)	(3 217 625)		210 512	(172 494)
Contributions to Funds and Reserves-Interest				(27 432 461)				66 561 982	
Asset disposals								-	
Offsetting of depreciation								-	
Balance at 30 June 2010	6 351 839	15 384 899	281 729 677	198 333 945	626 407 855	31 438 837	30 538 330	312 755 564	1 502 940 946
2011									
Correction of previous years statement of performance								(79 299 143)	(79 299 143)
Change in accounting policy				(198 333 945)	(626 407 855)	(31 438 837)		856 180 637	
Accumulated surplus balance Incorrectly disclosed									
Restated balance: 30 June 2010	6 351 839	15 384 899	281 729 677	-	-	-	30 538 330	1 089 637 058	1 423 641 803
Surplus/(deficit) for the year									
Transfer to CRR			119 073 751					230 956 431	230 956 431
Contribution approved by NER: 2% of electricity sales			11 505 874					(119 073 751)	
Capital grants used to purchase PPE			(49 206 833)					(11 505 874)	
Contribution from Acc.Surplus: Assets purchased								49 206 833	
Contribution to Insurance Reserve							3 103 516	-	
Contribution from Insurance Reserve							(1 010 264)	(3 103 516)	
Increase/(decrease) in Housing Development Fund		(3 933 339)	18 199 737				1 972 776	1 010 264	(3 933 339)
Contributions to Funds and Reserves-Interest		640 456						(20 812 969)	
Balance at 30 June 2011	6 351 839	12 092 016	381 302 205	-	-	-	34 604 359	1 216 314 476	1 650 664 895

RUSTENBURG LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 R	Restated 2010 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		1 760 811 993	1 757 946 307
Cash paid to suppliers and employees		(1 559 253 232)	(1 702 138 579)
Cash generated from/(utilized in) operations	35	201 558 761	55 807 728
Royalties		332 951	17 749 723
Dividends received		15 261	13 802
Interest received		140 082 005	112 706 145
Finance charges	28	(13 566 985)	(13 325 963)
NET CASH FROM OPERATING ACTIVITIES		328 421 993	172 951 435
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	12	(204 590 882)	(240 173 275)
Proceeds on disposal of property, plant and equipment		1 801 341	18 871 154
(Increase)/decrease in non-current receivables	16	2 825 737	940 604
Increase in non-current investments			-
NET CASH FROM INVESTING ACTIVITIES		(199 963 804)	(220 361 518)
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans raised/(repaid)	5	685 061	(722 311)
Increase in consumer deposits	7	665 966	593 675
NET CASH FROM FINANCING ACTIVITIES		1 351 027	(128 636)
NET INCREASE IN CASH AND CASH EQUIVALENTS		129 809 216	(47 538 719)
Cash and cash equivalents at the beginning of the year	29	559 870 899	607 409 618
Cash and cash equivalents at the end of the year	29	689 680 115 (129 809 216)	559 870 899 47 538 719

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. STATEMENT OF ACCOUNTING POLICIES

The following are the principal accounting policies of the Rustenburg Local Municipality, which are, in all material respects, consistent with those applied in the previous year. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation. The financial statements have been prepared on a going concern basis.

1.1. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

The ASB has issued a directive, which sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a Standard of GRAP is approved as effective, it replaces the equivalent Statement of IPSAS, IFRS or SA GAAP. Where a standard of GRAP has been issued, but not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

In the process of applying the Municipality's accounting policies, management has made the following significant accounting judgments, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

- **Post-employment medical benefits**
The cost of post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future medical fund contribution increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.
- **Impairment of trade receivables**
The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on the history of payments made for municipal services over the last twelve months. This was performed per debtor for all classes of debtors.
- **Property, plant and equipment**
The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time. It is a subjective estimate based on management's experience.
- **Provisions and contingent liabilities**
Management judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in subsequent notes to the financial statements. Provisions are discounted where the effect of discounting is material using actuarial valuations.

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.2. PRESENTATION CURRENCY

These Annual Financial Statements are presented in South African Rand.

1.3. HOUSING FUNDS

The Housing Development Fund was established in terms of the Housing Act (Act No. 107 of 1997).

1.3.1 Housing development fund

Sections 15(5) and 16 of the Housing Act, (Act 107 of 1997), which came into operation on 1 April 1998, required that the City maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4) (d) (ii) (aa), read with, inter alia, Section 16(2), that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, be paid into a separate operating account, and be utilised by the City for housing development in accordance with the National Housing Policy.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash backed, and invested in accordance with the investment policy of the City.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and for housing development projects approved by the MEC Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance and then transferred via the Statement of Changes in Net Assets to the Housing Development Fund.

1.4 RESERVES

The municipality maintains the following two reserves:

1.4.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The following provisions are set for the creation, feasibility and utilization of the CRR:

- The cash funds, which back up the CRR, are invested until utilized. The cash may only be invested in accordance with the investment policy of the Municipality.
- The CRR can only be utilised to finance items of property, plant and equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

by a corresponding amount. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilised.

- Profit on the sale of land during a financial year is reflected in the Statement of Financial Performance. Profit on the sale of land more than budgeted is transferred annually via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed.

The amount transferred to the CRR is based on the municipality's need to finance future capital projects included in the Integrated Development Plan.

1.4.2 Self-Insurance Reserve

The Municipality has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims that cannot be insured externally and/or cover the cost of excess payments when claims arise on assets insured externally.

The balance of the Self-Insurance Reserve is annually determined and adjusted after the compilation of the Annual Financial Statements to at least 2,5% of the carrying value of property, plant and equipment on 30 June, subject to the past claims history and the insurance risk carried by the Municipality. The Self-Insurance Reserve is maintained by a transfer to the accumulated surplus. Short-term investments are earmarked and set aside to ensure that the reserve is cash backed.

Claims and/or excess payments are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

Interest earned on the balance of the Self-Insurance Reserve is recorded as interest earned in the Statement of Financial Performance and is transferred to the Self-Insurance Reserve via the Statement of Changes in Net Assets as a contribution.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality and
- The cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment whenever it is possible to reliably differentiate between the different components. Based on current service delivery backlogs to previously disadvantaged communities, it is not deemed to be cost efficient to incur substantial costs in order to determine the different components of existing infrastructure where the components were not accounted for separately from the onset.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment, which are expected to be used for more than one period, are included in property, plant and equipment. In addition, spare parts and stand by equipment, which can only be used in connection with an item of property, plant, and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are stated at cost less accumulated depreciation. Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets was measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:-

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	<u>Years</u>
Infrastructure	
Roads	30
Paving	20
Electricity	20-30
Water	15-20
Sewerage	20 - 30
 Housing	 30
 Buildings	 30
 Other	
Other vehicles	5
Office equipment	3-7
Computer equipment & software	2-5
Specialist vehicles	7
Security	5
Furniture and fittings	5-7
Bins and containers	5
Specialised plant and equipment	10-15
Other items of plant and equipment	2-5
Landfill sites	30
 Community	
Buildings	30
Recreational Facilities	20-30

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

The useful life and residual value of assets are assessed annually to determine the appropriateness of management's initial estimate. If the expectations differ from the previous estimates, the change is accounted for as a change in accounting estimate.

Residual values are applied to the following classes at the specified rates:

Vehicles: 30% of the original cost price

Furniture, fittings and office equipment: 10% of the original cost price

Computers: 10% of the original cost price

Infrastructure: Nil, due to the fact that it is not the intention to ever sell infrastructure assets.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Heritage Assets

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations.

A heritage asset that qualifies for recognition as an asset shall be measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

1.7 Investment Properties

Investment properties are held to earn rental income, and for capital appreciation, and are stated at cost less accumulated depreciation. Investment properties are written down for impairment where considered necessary.

Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service. Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets estimated at 20 to 50 years.

1.8 INVESTMENTS

Investment in Municipal Entities

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate Consolidated Annual Financial Statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments, whilst eliminating transactions between the municipality and the entity.

1.9 INVENTORIES

Consumable stores, raw materials, work-in-progress and finished goods are initially valued at cost and subsequently valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 INVESTMENTS IN FINANCIAL INSTRUMENTS

Initial Recognition

Financial Instruments are initially recognised at fair value

Subsequent Measurement

Financial Assets are categorized according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorized as either at fair value through profit or loss or financial liabilities carried at amortized cost. The subsequent measurement of financial assets and liabilities depends on their categorization and, in the absence of an approved GRAP standard on Financial Instruments, is in accordance with IAS 39.

Loans to/from Municipal Entities

These are recognised at cost.

Investment In Municipal Entities

Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate Consolidated Annual Financial Statements are prepared to account for the Municipality's share of net assets and post-acquisition results of these investments, whilst eliminating transactions between the municipality and the entity.

Debtors

Debtors are recognised at fair value and subsequently measured at amortized cost using the effective interest rate method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of the debtors. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. Impairment losses are recognised in the statement of financial performance.

An estimate is made for doubtful debts based on the categorization of debts and a review of the past trends in collection rates applied to all outstanding amounts at year-end.

Creditors

Trade payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Cash and cash equivalents

These are initially and subsequently recorded at fair value. For cash flow purposes, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. These are subject to an insignificant risk of changes in value.

Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost. The Municipality does not hold financial loans for trading purposes.

1.11 REVENUE RECOGNITION

1.11.1 Revenue from Exchange Transactions

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. Revenue from the sale of electricity prepaid meter cards are recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time proportion basis.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

1.11.2 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- There has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

Fines

Revenue from the issuing of fines is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses, the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Government grants

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential based on the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

If goods in kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.12 PROVISIONS

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Where some or all of the expenditure required settling a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed as a note to enable users to determine the risks involved.

1.13 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.17 LEASES

The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Leases that were originally expensed and where the majority of lease instalments were already paid, are expensed as operational leases until maturity. All new leases that meet the definition of finance leases are handled as disclosed above.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

The Municipality as Lessor

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.18 RETIREMENT BENEFITS

Short-term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments because of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the municipality's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Defined benefit plans

For defined benefit plans, the cost of providing the benefits is determined using the projected credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. Consideration is given to any event that could affect the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised when the municipality is demonstrably committed to curtailment or settlement. When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

1.19 BORROWING COSTS

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.20 COMPARATIVE INFORMATION

20.1 Current year comparatives:

Budgeted amounts have been included in the Consolidated Annual Financial Statements for the current financial year only.

20.2 Prior year comparatives:

When the presentation or classification of items in the Consolidated Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	Restated 2010 R
2 HOUSING DEVELOPMENT FUND		
Housing Development Fund	18 443 855	21 736 738
Unappropriated Surplus	10 260 104	13 110 789
Retention: Housing	1 831 911	2 274 110
Loans extinguished by Government on 1 April 1998 (Old Housing Development Fund)	6 351 839	6 351 839
The Housing Development Fund is represented by the following assets and liabilities		
Bank Account	18 441 125	20 367 009
Interest transferred from Accumulated Surplus	-	428 274
Debtors - VAT claimable	2 730	499 257
Other	-	442 198
TOTAL	18 443 855	21 736 738
3 RESERVES		
- Capital replacement reserve	381 302 205	281 729 677
- Self-insurance reserve	34 604 359	30 538 330
TOTAL	415 906 564	312 268 007
The capital replacement reserve and the self-insurance reserve are fully funded. The investments have not yet been ring fenced, but are earmarked for this purpose.		
4 ACCUMULATED SURPLUS		
Accumulated surplus at year-end	1 216 314 476	1 089 637 058
Receipts, from grant funded assets acquired, to the carrying value of R 956 million (2010: R 856.2 million) are included in accumulated surplus and earmarked to fund the depreciation charges for the assets so required over the asset useful life.		
5 LONG-TERM BORROWINGS		
Other Long-term loans		
- INCA	47 691 409	48 933 919
- ABSA	49 903 433	52 407 381
- Finance leases	7 020 408	2 588 889
Sub-total	104 615 250	103 930 189
Less: Current portion transferred to current liabilities	7 430 143	8 808 458
- INCA	1 441 953	1 242 511
- ABSA Loans	2 797 906	2 508 947
- Finance leases	3 190 284	62 000
TOTAL	97 185 107	100 121 731

Refer to Appendix A for more detail on long-term borrowings

INCA Loan

Bears interest at 13.82% per annum and repayable in equal instalments of R4 002 068 at the end of February and August every year, with the last instalment payable on 29 February 2024.

ABSA Loans

Bears interest from first draw down at 11.92%, 12.02% and 12.14% per annum respectively, with equal instalments of R 1447 592, R 1 455 506 and R 1 465 020 payable at the end of November and May every year, with the last instalment payable 15 years from date of draw down.

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	Restated 2010 R
Finance leases		
The Gestetner Finance agreements on laptops, copiers and printers has no annual escalation clause.		
The Avis agreements on traffic vehicles has no annual escalation, but are linked to kilometres travelled.		
The depreciation charges on assets subject to finance leases are included in the depreciation disclosed on the face of the Statement of Financial Performance. The finance charges is included under Interest paid. See note.		
The capitalized lease liabilities are secured by items of leased office equipment and vehicles to the carrying value of R 7 957 960 (2010: R nil).		
At the Statement of Financial Position date, the municipality had outstanding commitments under capitalized finance leases, which fall due as follows:		
- Within one year	3 980 344	88 030
- Later than 1 year but not later than 5 years	4 690 252	58 687
- More than five years	-	-
	<u>8 670 596</u>	<u>146 717</u>
6 NON-CURRENT PROVISIONS		
Provision for long-service	1 116 943	996 576
Provision for environmental rehabilitation of landfill sites	5 989 500	5 445 000
Provision for post-retirement medical benefits	104 688 066	101 373 902
TOTAL	<u>111 794 509</u>	<u>107 815 478</u>
6.1. Provision for long-service		
An estimate has been performed of the Municipality's liability for long-service leave benefits relating to vested leave benefits to which employees may become entitled upon completion of ten years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.		
The movement in the provision for long-service awards, are reconciled as follows:		
Balance at beginning of year	1 230 596	1 234 020
Contributions to provision	55 487	(3 424)
Expenditure incurred/leave taken	-	-
Transfer to current provisions	(169 140)	(234 020)
Balance at end of year	<u>1 116 943</u>	<u>996 576</u>
6.2. Provision for environmental rehabilitation of landfill sites		
Provision is made in terms of the Municipality's licensing stipulations on the landfill waste sites, for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an annual inflation rate of 10% (2010: 10%)		
The movement in the provision for the environmental rehabilitation of landfill sites, is reconciled as follows:		
Balance at beginning of year	5 445 000	4 950 000
Contributions to provision	544 500	495 000
Expenditure incurred	-	-
Transfer to current provisions	-	-
Balance at end of year	<u>5 989 500</u>	<u>5 445 000</u>
6.3. Provision for post-retirement medical benefits		
The provision is made in light of the rule that continuation members receive a 60% subsidy of medical aid contributions in retirement. The spouse and child dependants of a contribution member are entitled to 60% subsidy of their contributions in the event of a principal member's death. An actuarial valuation has been performed of the Municipality's liability in respect of benefits to eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.		
Actuarial gains and losses are recognised in the reporting period in which they arise.		

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	Restated 2010 R
The movement in the provision for post-retirement medical benefits, are reconciled as follows:		
Balance at beginning of year	101 373 902	184 235 189
Current service cost	-	13 325 435
Interest cost	-	18 653 000
Benefits paid	-	(2 696 300)
Actuarial Loss/Gain	-	(108 829 258)
Transfer to current provisions	-	(3 314 164)
Balance at end of year	101 373 902	101 373 902
Current Employees	Pre-Retirement	Post Retirement
Current Employees	-	-
Continuation Members	-	-
Transfer to current provisions	-	-
		Total
		59 150 645
		45 236 134
		(3 012 877)
		101 373 902
Summary of assumptions		
Gross Discount Rate	9.50%	9.50%
Healthcare cost Inflation	7.75%	7.75%
Post Retirement Mortality table	PA (90)	PA (90)
7 CONSUMER DEPOSITS		
Electricity and Water	23 029 072	22 363 107
No interest are paid on consumer deposits received. Deposits are released when the owner/occupant of a property terminates the contract with the Municipality to supply water and electricity to a property.		
Guarantees held in lieu of Electricity and Water Deposits	30 579 819	30 598 953
8 PROVISIONS		
Current portion of long-service provision (see note 3 above)	169 140	234 020
Current portion of rehabilitation of landfill site (see note 3 above)	-	-
Current portion of provision for post-retirement medical expenses (see note 3 above)	-	3 314 164
TOTAL	169 140	3 548 184
The movement in the current portion of provisions are reconciled as follows:		
Balance at beginning of year	3 548 182	3 246 896
Transfer from non-current	-	3 314 164
Contributions to provision	-	(3 012 877)
Expenditure Incurred / leave taken	-	-
Balance at end of year	3 548 182	3 548 182

RUSTENBURG LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	Restated 2010 R
9 PAYABLES		
Trade creditors	93 759 677	138 947 855
Payments received in advance	20 075 689	19 371 383
Retentions	25 100 070	41 759 555
Staff leave	29 479 161	18 370 275
Unspecified income/unallocated grants	11 832 946	13 139 977
Other creditors	22 518 152	18 149 365
TOTAL	202 765 695	249 738 410

Staff leave

Annual leave accrues to employees on a monthly basis, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

Trade creditors

Trade payables are non-interest bearing and are normally settled on 30-day terms except retentions which could be settled after 12 months.

Payments received in advance

Payments received in advance are non-interest bearing and normally settled within 30 days from receiving a request for a refund.

Management policies are in place to ensure that all payables are paid within a reasonable timeframe.

10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

10.1 Conditional Grants from other spheres of Government

MIG Grants	49 500 297	38 223 241
Bojanala Platinum District Municipality	612 922	400 000
DME	5 773	-
DME Operating	97 262	96 348
DPLG	2 967 123	7 152 132
DSAC - Library, Information & educational network Grant	346 107	611 451
DSAC - Sun City	34 995	-
DWAF	923 350	954 153
FIFA 2010 World Cup - See also note 16.3	3 892 914	3 910 914
FIFA Host City	800 686	18 362 616
Finance Management Grant	264 584	3 493 774
MSIG Grant	-	472 577
NDMC Grant	-	139 224
RBA - Western By-pass	4 563 739	-
Public Neighbourhood Grant	58 297	-
Public Transport Infrastructure (PTIS)	16 712 818	-
SEED funding	463 144	534 873

10.2 Other Conditional Receipts

Mines	340 438	480 655
Lottery	11 772	704 000
Public contributions	3 096 418	29 303
TOTAL	84 692 639	75 565 261

See Note 19 for reconciliation of grants from other spheres of government.
These amounts are not yet invested in a ring-fenced investment until utilized.

11 VAT

VAT payable	107 186 684	93 661 360
VAT receivable	(14 284 335)	(35 893 876)
TOTAL net VAT payable	92 902 350	62 767 483

The municipality is registered for VAT on the payment basis. Only once payment is received or made is VAT paid to or claimed from SARS.

12. PROPERTY, PLANT AND EQUIPMENT

Cost	2 081 646 453	1 883 192 806
Accumulated depreciation	(775 839 511)	(681 261 690)
Carrying value	1 305 806 942	1 201 931 116

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
13 HERITAGE ASSETS		
Historical and Tourism sites		
- Opening balance	429 115	429 115
- Plus: Additions	-	-
- Less: Disposals	-	-
Carrying value	429 115	429 115
No provision for depreciation is made for assets classified as heritage assets.		
14 INVESTMENT PROPERTY		
Land and Buildings: Kloof Holiday Resort		
- At cost	2 064 792	2 064 792
- Plus: Additions	-	-
- Less: Disposals	-	-
	2 064 792	2 064 792
- Less: Accumulated depreciation	(831 586)	-762 807
Carrying value	1 233 206	1 301 985
The market value determined by management is estimated at R 75 million.		
Rental revenue of R 825 000 is included under rental income in the Statement of Financial Performance pertaining to investment property. No maintenance expenditure was incurred, as it is carried by the Lessee. Rustenburg Local Municipality carries the cost of insurance. The municipality has entered into a lease agreement for 20 years from January 2005 and the Lessee has an option to renew the agreement for another term of 20 years.		
15 INVESTMENTS		
<u>Listed</u>		
- 13 840 Sanlam shares	90 728	90 728
<u>Unlisted</u>		
- Investment in Municipal Entity - at cost - Rustenburg Water Services Trust	1 000	1 000
<u>Financial Instruments</u>		
- Fixed Deposits	603 156	603 156
Total Investments	694 884	694 884
Market valuation of listed Investments		
Sanlam shares - Market value at 30 June 2011 was R 27.56 per share	386 966	319 842
Council's valuation of unlisted Investments		
Investment in Municipal Entity: Rustenburg Water Services Trust	1 000	1 000
Investment in Municipal Entity: Rustenburg Water Services Trust (RWST)		
Percentage owned by Council (%)	100%	100%
Indebtness of Municipal Entity	3 876 480	3 954 342
Purification charges paid to RWST	40 871 591	35 880 493
Purified water purchased from RWST(Irrigation pipeline revenue)	84 906	142 933
Potable water purchased from Kloof Water Works	430 165	741 955
Bospoort Purified Potable Water	15 763 802	16 125 871

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
16 LONG-TERM RECEIVABLES		
Consumer debtors transferred to long-term debtors (Wa Wina-project)	-	2 310 760
Wa Wina-cost recovery project	-	117 810 750
Less: Provision for doubtful debts	-	(115 500 000)
Loans - Housing selling development loans	-	437 117
- Outstanding balance: 30 June 2011	437 117	437 117
- Less: Provision for doubtful debts	(437 117)	-
Finance lease to Rustenburg Water Services Trust (Municipal Entity)	3 876 480	3 954 342
	3 876 480	6 702 218
Less : Current portion transferred to current receivables	(95 724)	(107 691)
Loans - Housing selling development loans	-	(29 830)
Finance lease to Rustenburg Water Services Trust (RWST)	(95 724)	(77 861)
TOTAL	3 780 756	6 594 527
Reconciliation of the bad debt provision		
Balance at beginning of the year	115 500 000	115 500 000
Contributions to provision	437 117	-
Consolidation of provision - see note 18	(115 500 000)	-
Reversal of provision	-	-
Balance at end of year	437 117	115 500 000

LOANS TO MUNICIPAL ENTITIES

No new loans were made to the municipal entity.

HOUSING SELLING DEVELOPMENT LOANS

Housing loans were historically granted to qualifying individuals in terms of national Housing Policy. These loans currently attract interest at 10,5% per annum and are repayable over 20 years. The interest rate is determined as per Council policy.

FINANCE LEASE TO RUSTENBURG WATER SERVICES TRUST

Finance lease granted to the entity (RWST) for sewerage plant transferred by the municipality to the RWST. The lease is repayable over twenty years, in half yearly payments every year at the end of June and December, bear interest at 5% per annum with the last instalment due on 30 June 2025.

17 INVENTORY

Consumable stores – at cost	1 658 075	736 055
Maintenance materials – at cost	17 067 236	19 517 471
Spare parts – at net realizable value	64 490	98 131
Protective clothing - at cost	1 345 749	755 210
Water – at cost	279 658	250 197
Unsold properties held for resale – at cost	25 056 583	26 726 350
TOTAL	45 481 791	48 083 415

The Infrastructure portion of unsold properties held for resale was capitalized in accordance with the prescribed accounting standard.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
18 CONSUMER DEBTORS		
	Gross Balances	Provision for Bad debts
		Net Balances
As at 30 June 2011	1 459 218 184	1 246 710 758
Service debtors		
Rates	155 273 190	132 660 571
Electricity	180 513 373	154 224 996
Water	476 050 151	406 722 401
Refuse	136 814 702	116 890 214
Sewerage	111 387 920	95 166 365
Other	399 178 848	341 046 211
Housing rentals	3 849 909	3 289 242
Sub-Total	1 463 068 093	1 250 000 000
Less: Consumer debtors transferred under Wa Wina project to Long-term Debtors		
TOTAL	1 463 068 093	213 068 093
As at 30 June 2010	1 311 192 697	1 088 124 020
Service debtors		
Rates	142 459 470	119 529 583
Electricity	184 409 889	142 705 097
Water	411 017 375	344 861 140
Refuse	130 396 186	109 407 935
Sewerage	108 055 502	90 663 183
Other	334 854 295	280 957 062
Housing rentals	3 938 989	3 304 980
Sub-total	1 315 131 686	1 091 429 000
Less: Consumer debtors transferred under Wa Wina project to Long-term Debtors	(117 887 480)	(115 500 000)
TOTAL	1 197 244 206	223 068 678
Consumer debtors: Ageing (Wa Wina excluded)		
Current	115 435 681	135 922 343
30 Days (0 – 30 days)	69 421 332	47 599 606
31 - 60 Days	37 655 380	35 140 466
61 - 90 Days	36 795 109	28 051 285
91 - 120 Days	35 257 564	27 454 715
120+ Days	1 168 503 027	923 075 791
Total	1 463 068 093	1 197 244 206
Rates: Ageing (Wa Wina excluded)		
Current	12 038 473	14 126 148
30 Days (0 – 30 days)	6 998 867	6 107 512
31 - 60 Days	3 781 798	4 802 261
61 - 90 Days	3 235 733	3 026 177
91 - 120 Days	3 095 934	2 692 906
120+ Days	126 122 385	97 766 288
Total	155 273 190	128 521 292
(Electricity, Water, Sewerage, refuse and other): Ageing(Wa Wina excluded)		
Current	103 021 262	121 514 819
30 Days (0 – 30 days)	62 232 249	41 306 287
31 - 60 Days	33 698 625	30 183 328
61 - 90 Days	33 390 742	24 875 645
91 - 120 Days	32 090 630	24 623 471
120+ Days	1 039 511 485	822 280 375
Total	1 303 944 993	1 064 783 925
Housing rentals: Ageing		
Current	375 945	281 376
30 Days (0 – 30 days)	190 215	185 808
31 - 60 Days	174 958	154 877
61 - 90 Days	168 634	149 462
91 - 120 Days	71 001	138 338
120+ Days	2 869 157	3 029 128
Total	3 849 910	3 938 989

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
Reconciliation of the bad debt provision		
Balance at beginning of the year	975 929 000	743 100 000
Consolidation of provision from long term receivables	115 500 000	-
Contributions to provision	265 246 369	233 792 606
Bad debts written off against provision	(106 675 369)	(963 606)
Reversal of provision	-	-
Balance at end of year	<u>1 250 000 000</u>	<u>975 929 000</u>

Bad debts to the amount of R106, 6 million (2010: R 963 606) were written off during the year. Bad debts in 2010 represented AVM shortages as reported under irregular expenditure.

Bad debts written off in 2010/11 mainly represents debts owed by indigents (R 4, 6 million) and debts owed by consumers who could have benefited from the Wa Wina incentive scheme (R 101, 6 million) but who did not pay. See note 16 above.

19 OTHER DEBTORS

Grant Debtors - Capital Projects	-	722 798
Study Bursaries to employees	2 010 365	1 145 992
Interest Receivable	5 552 746	3 007 276
Other	2 799 807	4 165 009
TOTAL	<u>10 362 818</u>	<u>9 041 076</u>

20 SHORT-TERM FIXED DEPOSITS

- ABSA	86 754 013	103 477 057
- Nedbank (CRR)	165 764 617	62 227 619
- First National Bank (CRR)	142 551 641	84 190 690
- Sanlam (CRR)	40 403 930	38 007 777
- ABSA - Guarantee deposit	590 000	590 000
- Kagiso Asset Management (Self Insurance Reserve)	39 945 582	37 713 326
- Standard Bank (CRR)	106 291 639	126 381 297
TOTAL	<u>582 301 423</u>	<u>452 587 767</u>

Certain of the above deposits have been earmarked to cover the balance of the Capital Replacement Reserve (CRR) and the Self-Insurance Reserve. The average interest earned on these fixed deposits was 6.46% (2010: 7.23%)

21 BANK BALANCES AND CASH

Bank balances		107 350 333	107 254 772
- ABSA, Rustenburg branch	Account number		
- Primary bank account	12-2000-0458	88 909 208	82 976 810
- Housing Development Fund	40-5451-7192	18 441 125	20 367 009
- FIFA Soccer World Cup	40-6760-2132	-	3 910 953
- Cash on hand		<u>28 360</u>	<u>28 360</u>
TOTAL		<u>107 378 693</u>	<u>107 283 132</u>
Bank statement balances			
- ABSA, Rustenburg branch	Account number		
- Primary bank account	12-2000-0458	99 429 855	118 322 376
- Housing Development Fund	40-5451-7192	18 565 669	20 470 383
- FIFA Soccer World Cup	40-6760-2132	-	3 910 914

The Municipality does not utilize overdraft facilities, although an overdraft facility of R1 468 863 has been granted by ABSA.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
22 PROPERTY RATES		
<u>Actual</u>		
Residential	88 113 380	80 836 298
Commercial	67 360 516	58 461 797
Agricultural	3 804 911	3 473 318
State	6 068 630	6 330 052
Total Assessment Rates	165 347 437	149 101 465

Property Valuations: Site values only

	<u>June 2011</u>	<u>June 2010</u>
Residential	19 959 539 384	19 445 117 850
Commercial	3 280 768 400	3 144 211 400
Industrial	365 581 000	311 441 000
Municipal	146 181 700	140 437 200
Agricultural	1 061 194 650	1 019 905 650
Government	861 388 420	834 083 420
Churches	75 564 000	98 484 000
Educational	15 013 000	10 713 000
Private Road	1 038 800	886 300
Total Property Valuations: Sites	25 766 269 354	25 005 279 820

The last valuation came into effect on 1 July 2009, is based on market related values and will be effective until 30 June 2013. The new Property Rates Act was implemented on 1 July 2009. Supplementary valuations are processed on a quarterly basis to take into account changes to individual property values due to alterations and subdivisions. A general rate of 0.0048 (2010: 0.0044) in the rand on the land value of residential properties is applied to property valuations to determine assessment rates. Rebates of between 20% and 40% are given to pensioners depending on their gross monthly income. Different rates are applied to different type of properties

23 SERVICE CHARGES

Sale of electricity	1 006 687 552	856 750 785
Sale of water	241 110 688	196 175 252
Refuse removal	66 419 616	44 872 935
Sewerage and sanitation charges	58 173 450	49 779 652
TOTAL	1 372 391 306	1 147 578 624

24 GRANTS AND SUBSIDIES

	From organs of the State		
Unconditional grants			
Equitable share		206 739 954	164 274 187
Conditional grants			
2010 FIFA WSDP	18 000		5 041 858
FIFA Host City Grant	17 561 930		13 478 139
Municipal Infrastructure Grant (MIG)	127 531 944		104 532 185
Housing project grants	3 491 142		3 603 444
Department of Water Affairs and Forestry (DWAF)	1 080 803		282 765
Department of Minerals & Energy (DME)	15 993 313		41 112 279
Integrated Development Grant (IDP)	-		369 588
Finance Management Grant (FMG)	4 229 190		846 117
Public Transport Infrastructure (PTIS)	52 862 182		101 734 152
Seta: EPWP training	834 805		4 851 541
Department of Sports, Arts & Culture (DSAC)	1 191 312		1 877 885
Municipal Systems Improvement Grant (MSIG)	1 222 577		540 090
NWPG	-		1 781 230
Neighbourhood Development Partnership Grant	51 703		-
BPD - Cleaning of cemeteries/LED Business Plans & other	605 810		794 618
Extended Public Works Programme (EPWP)	1 458 309		-
COGTA	4 324 233		-
From private organizations			
DBSA - City Development Agency	-		275 000
Royal Bafokeng: Western By-pass	7 571 212		-
Mines	140 217		372 703
National Lottery	996 229		-
Seed funding	71 726		-
Total Grants and Subsidies utilized	447 976 591	445 767 691	

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
The municipality has complied with all the conditions set by the transferring organ of State or the conditions set by the other institutions who made allocations to the municipality. The unspent portion of conditional allocations are disclosed as a liability under unspent conditional grants on the face value of the Statement of Financial Position of the municipality.		
24.1 Equitable Share		
In terms of the Division of Revenue Act, the annual equitable share allocated to the municipality is an unconditional grant. A portion of this grant is used by the municipality to subsidize the provision of basic services to qualifying indigent households in line with national policy and the approved indigent support policy of the Rustenburg Local Municipality.		
24.2 Changes in levels of government grants		
Based on the allocations set out in the latest Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
24.3 Conditional grants		
Balance unspent at the beginning of the year	(75 565 261)	(78 236 496)
Current year receipts	(250 364 017)	(443 114 456)
Conditions met - transferred to revenue	241 235 639	445 785 691
Conditions still to be met - transferred to liabilities - refer note 10	<u>(84 692 639)</u>	<u>(75 565 261)</u>
25 OTHER INCOME		
Service connections	7 694 422	5 667 758
Reconnection fees	4 910 637	3 710 795
Telephone fees recovered	97 414	444 047
Tender document fees	371 082	505 009
Engineering services (also contributed to CRR)	-	6 682 253
Recoverable expenditure	-	8 175 584
Other	6 087 209	4 012 858
TOTAL	<u>19 160 764</u>	<u>29 198 314</u>
26 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	177 213 781	158 892 058
Employee related costs - Contributions for UIF, pensions and medical aids	51 417 973	43 810 645
Employee related costs - Provision for post retirement medical aid benefits	-	(82 559 000)
Travel, motor car, accommodation, subsistence and other allowances	12 851 726	12 411 069
Housing benefits and allowances	1 619 092	2 015 013
Overtime payments	25 854 565	23 079 818
Annual bonus	13 039 911	11 505 536
Other	18 041 905	8 523 561
Less: Employee costs capitalized to Property, Plant and Equipment	(1 115 988)	(1 397 450)
Less: Employee costs included in other expenses	(2 620 025)	(2 300 950)
TOTAL	<u>296 302 940</u>	<u>173 980 300</u>
Remuneration of Executives		
26.1. Remuneration of the Municipal Manager		
Annual Remuneration	1 116 134	1 001 261
Performance bonus	-	-
Travelling allowance	75 000	180 000
Contributions to UIF, Medical and Pension Funds	44 012	79 688
Accumulated leave paid out	179 320	229 345
TOTAL	<u>1 414 466</u>	<u>1 490 294</u>
26.2. Remuneration of the Chief Finance Officer		
Annual Remuneration	1 024 277	852 657
Performance bonus	-	-
Travelling allowance	48 000	144 000
Contributions to UIF, Medical and Pension Funds	57 815	1 497
Accumulated leave paid out	273 046	-
Acting allowance	-	-
TOTAL	<u>1 403 138</u>	<u>998 154</u>

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

2011
R

2010
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26.3. Remuneration of Individual Executive Directors

	30 June 2011			
	Public Safety	Planning & Development	Infrastructure Development	Corporate Services
Annual Remuneration	716 135	322 189	883 340	811 340
Performance bonus	-	-	-	-
Travel Allowance	84 000	111 210	108 000	180 000
Contributions to UIF, Medical and Pension Funds	143 238	103 933	135 867	179 739
Settlement amount	-	-	-	-
Accumulated leave paid out	163 543	-	229 000	158 614
Acting allowance	-	234 817	-	151 805
TOTAL	1 106 916	772 149	1 356 207	1 481 498
			Community Development	Local Economic Development
Annual Remuneration			729 092	322 189
Performance bonus			-	-
Travel Allowance			84 000	86 328
Contributions to UIF, Medical and Pension Funds			195 968	87 598
Accumulated leave paid out			-	-
Acting allowance			-	135 327
TOTAL			1 009 060	631 442

26.4. Remuneration of Individual Executive Directors

	30 June 2010			
	Public Safety	Planning & Development	Infrastructure Development	Corporate Services
Annual Remuneration	653 471	-	805 729	733 729
Performance Bonuses	-	-	-	-
Travel Allowance	84 000	-	108 000	180 000
Contributions to UIF, Medical and Pension Funds	1 497	-	1 497	1 497
Settlement amount	-	-	-	-
Leave paid out	29 559	-	-	91 523
Acting allowance	-	-	-	-
TOTAL	768 527	-	915 226	1 006 749
			Community Development	Local Economic Development
Annual Remuneration			665 415	598 734
Performance Bonuses			-	-
Travel Allowance			84 000	84 000
Contributions to UIF, Medical and Pension Funds			1 497	1 497
Settlement amount			36 044	12 070
Leave paid out			-	-
Acting allowance			-	-
TOTAL			786 956	696 301

27 REMUNERATION OF COUNCILLORS

Executive Mayor	971 513	648 868
Speaker	657 175	558 628
Mayoral Committee Members	5 711 222	3 942 765
Councillors	12 357 971	10 729 943
Councillors' pension contribution	1 191 480	1 027 636
TOTAL	20 889 361	16 907 840

The Council contribution to the pension fund for the Executive Mayor, Speaker and Mayoral Committee members are included in the specific line above. Pension contributions above are thus for all Councillors not specifically disclosed.

In-kind Benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor is entitled to stay at the mayoral residence owned by Council at no cost. The Executive Mayor has use of a Council owned vehicle for official duties and has a full time driver and body guard. The Executive Mayor further has access to a budget of R299 900 per annum to be utilized as he deems fit.

The Executive Mayor have access to an entertainment facility of R21 000 per annum. The Speaker, Chief Whip and members of the Mayoral Committee have all access to an entertainment facility of R 15 000 per annum.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
28 FINANCE COSTS		
- Interest expense		
- Long-term borrowings	12 874 733	13 300 150
- Finance leases	692 252	25 812
TOTAL	13 566 985	13 325 962
29 DEPRECIATION EXPENSE		
Depreciation on property, plant and equipment	96 528 185	92 808 185
Depreciation on investment property	68 779	68 779
Depreciation on leased assets	1 353 849	-
TOTAL	97 950 813	92 876 964
Refer to note 12 for more detail on depreciation.		
30 BULK PURCHASES		
Electricity: Other consumers	357 535 481	272 634 750
Electricity: Bulk Consumer	433 881 629	374 006 578
Water	155 439 648	136 377 840
TOTAL	946 856 758	783 019 168
31 GRANTS AND SUBSIDIES PAID		
Grant paid to SPCA	200 000	199 999
Grant: Rustenburg Local Municipality Sports & Recreation Club	46 470	-
Grant to Bessie Mpelelele Ngwana - Children's Home	58 765	48 300
TOTAL	305 235	248 299
The subsidy to the SPCA is to assist this registered charity to undertake its tasks.		
The grant to Bessie Mpelelele Ngwana is to support physically challenged children.		
32 GENERAL EXPENSES		
Included in general expenses are the following major items:-		
Audit fees	2 579 381	2 958 235
AVM - Online vending system	4 227 690	3 462 814
Backlogs verification study: Professional fees	-	1 287 288
Bad debts written off (Written off against previous provisions in 2010/11)	-	963 606
Bank charges	2 585 732	1 944 212
City beautification project	-	1 904 482
Copy charges	4 091 000	2 335 622
Departmental charges: Municipal Services utilized by Municipality	12 192 865	8 879 102
Drinking water quality monitoring	1 493 244	326 283
Energy efficiency and demand management	3 999 086	2 903 652
Events: 2010/Federation Cup	-	4 929 362
FIFA Soccer World Cup expenditure	20 032 400	215 545 867
Financial management support	4 216 010	2 926 525
Hiring of equipment	10 268 174	350 334
Housing funded by DPLG & H	5 323 053	3 603 444
Integrated rapid public transport network	7 862 182	-
Legal expenses	4 895 017	2 629 808
License fees	2 046 682	2 082 661
Manage & Monitor CCTV Camera system	1 580 000	2 460 000
Medical aid contributions: Retired employees	3 092 666	2 695 300
Membership fees	1 300 000	1 226 860
Other	20 900 919	34 738 340
Postage	1 454 391	1 608 897
Rentals: Office machines	5 382 531	3 815 366
Telephone costs	4 963 925	5 079 745
Training: personnel	2 161 281	2 213 344
Transport	21 349 384	18 680 764
Volunteer programme: FIFA World Cup & Confederation Cup	5 794 856	5 615 036
Workmen's Compensation	9 542 487	1 123 519
TOTAL	163 435 956	338 284 468

2011
R2010
R

33 PRIOR YEAR ADJUSTMENTS

33.1 Changes in accounting policy

The accounting policy of the Municipality has been changed to align with the following disclosure requirements:

- GRAP 103 for heritage assets that they be disclosed for each class of asset recognised in the financial statements. This adherence is in anticipation of GRAP 103 which although approved is not yet effective.

- GRAP 16 for Investment Property.

- GRAP 1 - General disclosure of Reserves. The Capitalization Reserve, Government Grant Reserve and Public Contributions Reserve have been transferred to Accumulated Surplus.

33.2 Correction of errors

Adjustments to consumer accounts as a result of incorrect billing based on estimated meter readings represent the bulk of previous year adjustments on the Statement of Financial Performance. Other corrections is based in wrong entries in the previous year now rectified.

Presented below are only those items contained in the Statement of Financial Position, Performance and Cash Flow Statement which have been impacted by the prior year adjustments:

	Previously reported	Changes in accounting policy	Correction of errors	Restated 2010
Statement of Financial Position				
Capitalization reserve	(198 333 945)	198 333 945	-	-
Government grant reserve	(626 407 855)	626 407 855	-	-
Donations and public contribution reserves	(31 438 837)	31 438 837	-	-
Accumulated Surplus/(Deficit)	(291 737 421)	(856 180 637)	79 299 143	(1 068 618 915)
Long-term borrowings	(101 341 300)	(2 588 889)	-	(103 930 189)
Non-current provisions	(107 816 478)	-	1 000	(107 815 478)
Property, plant and equipment	1 991 927 685	(2 493 907)	(108 918 146)	1 880 515 632
Property, plant and equipment - Accumulated depreciation	(696 653 357)	762 807	14 628 860	(681 261 690)
Leased assets	-	2 677 174	-	2 677 174
Heritage assets	-	429 115	-	429 115
Investment property	-	2 064 792	-	2 064 792
Investment property - Accumulated depreciation	-	(762 807)	-	(762 807)
Payables	(246 534 798)	-	(3 203 612)	(249 738 410)
Inventory	24 141 819	-	23 941 596	48 083 415
Consumer debtors	209 563 440	-	11 751 767	221 315 207
VAT	(62 768 349)	-	866	(62 767 483)
Short-term fixed deposits	452 591 276	-	(3 510)	452 587 766
Other debtors	5 609 182	-	3 431 894	9 041 076
Statement of Financial Performance				
Property rates	(147 483 650)	-	(1 617 815)	(149 101 465)
Service charges	(1 137 557 735)	-	(10 020 889)	(1 147 578 624)
Rental of facilities and equipment	(5 280 405)	-	-	(5 280 405)
Interest earned - external investments	(41 764 864)	-	3 510	(41 761 354)
Other Income	(28 262 507)	-	(935 807)	(29 198 314)
Grants and subsidies received	(445 785 691)	-	18 000	(445 767 691)
Gains on disposal of Property, plant and equipment	(17 358 104)	-	(1 518 050)	(18 876 154)
Repairs and maintenance	28 966 818	-	3 520	28 970 338
Depreciation	98 771 042	-	(5 894 078)	92 876 964
Interest paid	13 300 150	25 812	-	13 325 962
General expenses	339 371 814	(114 097)	(973 249)	338 284 468
	(1 022 282 070)	-	-	(1 022 282 070)

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
34 Cash generated from/(utilized in) operations		
Surplus for the year	230 956 431	177 805 151
Adjustment for:-		
Depreciation	97 950 813	92 876 964
Loss / (Gain) on disposal of property, plant and equipment	(1 441 012)	(18 871 154)
Contribution to/from provisions - non-current	(266 707 015)	(211 846 318)
Contribution to bad debt provision	265 246 369	232 829 000
Royalties	(332 951)	(17 749 723)
Dividends received	(15 261)	(13 802)
Investment income	(140 082 005)	(112 706 145)
Interest paid	13 566 985	13 325 962
Operating surplus before working capital changes:	199 142 354	155 649 935
(Increase)/Decrease in inventories	2 601 620	(27 285 534)
(Increase)/decrease in debtors	8 247 113	(54 440 493)
(Increase)/decrease in other debtors	(1 321 843)	(4 100 534)
(Decrease)/Increase in unspent conditional grants and receipts	9 127 378	(2 671 235)
Increase/(Decrease) in payables	(46 972 715)	51 790 225
Increase/(Decrease) in provisions	599 987	(82 066 424)
Increase in VAT	30 134 866	18 931 787
Cash generated by/(utilized in) operations	201 558 761	55 807 728

35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :

Bank balances and cash	107 378 693	107 283 132
Call investment deposits	582 301 423	452 587 767
TOTAL	689 680 115	559 870 899

36 UNAUTHORIZED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

36.1 Unauthorized expenditure

Reconciliation of unauthorised expenditure

Opening balance	17 674 469	-
Unauthorised expenditure current year	7 736 277	17 674 469
Already approved or condoned by Council	(17 674 469)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	7 736 277	17 674 469

-2011

The following expenditure categories exceeded the approved budget as follows:

- Employee related costs	6 673 601	
- Councillor remuneration	760 297	
- Repairs and maintenance	302 379	
- Bulk water and electricity purchases		15 394 626
- Contracted services		2 279 843
	7 736 277	17 674 469

Actual total operating expenditure was R216, 4 million (2010: R 182, 8 million) below budgeted expenditure.

No disciplinary action is envisaged as a result of the disclosed unauthorized expenditure, as it is deemed to be incurred in good faith in the normal course of rendering municipal services.

36.2 Fruitless and wasteful expenditure

-2011

The following expenses incurred during 2010/11 can be defined as fruitless and wasteful:

- Remuneration of suspended employees: R 1 928 894

No disciplinary action is envisaged as a result of the deemed fruitless and wasteful expenditure.

-2010

No known material fruitless and wasteful expenditure were incurred or disallowed during the year under review.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
36.3 Irregular expenditure		
Reconciliation of irregular expenditure		
Opening balance	14 114 807	14 043 252
Irregular expenditure current year	-	71 555
Already condoned by National Treasury	(14 114 807)	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting condonement by National Treasury	-	14 114 807
-2011		
No known material fruitless and wasteful expenditure were incurred or disallowed during the year under review.		
-2010		
Upgrading of stadiums as "venue specific training sites" to meet requirements set by FIFA Soccer World Cup Host City agreements entered into by municipality - deviation from Supply Chain Management Policy to meet timeframes and standards set by FIFA.		
- Upgrading of Mogwase Stadium in place of Tlhabane Stadium on insistence by FIFA - R 14 114 807		
Comprehensive reports served before Council following the adjustment budget report tabled on 10 March 2009.		
No disciplinary hearings and/or criminal prosecutions are foreseen, as Council resolved on 25 May 2010 to request condonation by National Treasury for the deviation from supply chain management policy in amending the bid upgrade to Mogwase instead of Tlhabane Stadium.		
37 INVESTIGATIONS		
-2010		
A forensic investigation has been conducted in 2009/10 and completed in 2010/11 on pre-paid electricity sales following the discovery of cash shortages related to the sale of pre-paid electricity. The estimated loss is R 27 492 000. The Municipality has reported the case to the SAPS and has subsequently implemented adequate controls to prevent further losses. Disciplinary action against implicated employees were undertaken on 2010/11.		
38 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
38.1 Contributions to organized local government		
Opening balance	-	-
Council subscriptions - this year	1 300 000	1 226 860
Amount paid - current year	(1 300 000)	(1 226 860)
Amount paid - previous years	-	-
Balance unpaid	-	-
38.2 Audit fees		
Opening balance	-	146 991
Current year audit fee (2010/11)	-	-
Audit fee charged: previous years (2009/10)	2 579 381	2 958 235
Amount paid - current year	(2 579 381)	(2 958 235)
Amount paid - previous years (2008/09)	-	(146 991)
Balance unpaid (included in creditors)	-	-
38.3 VAT		
Net VAT payable are disclosed in note 9. All VAT returns have been submitted by the due date throughout the year, except the June 2011 return only submitted after completion of this Annual Financial Statements.		
38.4 PAYE & UIF		
Opening balance	-	-
Current year payroll deductions & Council Contribution	33 811 229	29 388 426
Amount paid - current year	(33 811 229)	(29 388 426)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
38.5 Other levies paid		
Skills development levy	2 325 429	2 028 395
Motor vehicle license fees collected and paid over to NWPtG	56 549 462	49 566 962
TOTAL	58 874 891	51 595 357
38.6 Pension and Medical Aid Deductions		
Opening balance	-	-
Current year payroll deductions and Council Contributions	77 891 047	63 598 893
Amount paid - current year	(77 891 047)	(63 598 893)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

38.7 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at:

	30 June 2011	Outstanding less than 30 days	Outstanding > than 30 days
	Total		
Baloi DJ	15 420	401	15 019
Banda JT	16 471	435	16 036
Beukes E	3 110	1 567	1 543
Beukes E	1 845	602	1 243
Khunou CS	24 332	627	23 705
Lebotse M N	16 351	231	16 120
Megetse G D	37 169	669	36 500
Makutle M P	14 979	123	14 856
Masilo QS	22 027	392	21 635
Miny C F M	350	149	201
Mhlungu S B M	2 845	601	2 244
Molefe J L	924	129	795
Molefe J L	5 105	275	4 830
Mokowe N E	29 485	639	28 846
Motshagwe S M	864	238	626
Motlhesedi R K	16 892	217	16 675
Mpengu M L	1 602	302	1 300
Mzizi J	11 161	276	10 885
Poopedi J M	5 112	130	4 982
Segale M	26 009	259	25 750
Segole GG & DR	1 646	888	758
Segole A S	12 710	359	12 351
Seriteng S D	46 332	1 051	45 281
Wolmarans MJ	3 282	624	2 658
Wolmarans MJ	886	283	603
TOTAL	316 909	11 467	305 442

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 R	2010 R
30 June 2010			
	Total	Outstanding less than 30 days	Outstanding > than 30 days
			Wa Wina
Beukes E	6 982	509	6 474
Khunou NM	789	260	530
Lebotse MN	14 078	299	13 778
Marekoa BB	11 356	309	11 047
Masisi MC	67 339	779	65 233
Mataboge AL & VM	2 191	797	1 395
Mmusa EM	16 503	288	14 379
Mmusa DN	8 481	193	8 288
Molefe JL	2 863	462	2 400
Molefe JL	3 248	70	3 178
Motswadi P	511	348	163
Mpengu ML	17 764	360	13 895
Nggobo L	12 342	205	8 830
Nonov! ZA	72 529	1 390	58 986
Nxumalo J	8 331	744	7 586
Nyathi NI	8 207	663	7 545
Seduke D	23 298	528	22 771
Segale M	558	215	342
Segale M	24 460	304	24 156
Segoale GG & DR	2 010	779	1 231
Volmarans MJ	3 518	538	2 980
Volmarans MJ	444	259	186
TOTAL	307 804	10 299	275 375

39 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

- Approved and contracted for:

Water	11 400 831	88 068 799
Electricity	1 777 962	17 481 177
Streetlights	1 962 172	4 621 943
Community	-	2 652 912
Roads and Storm water	-	8 043 321
Waste	6 998 243	22 790 899
Sanitation	-	12 386 423
Other	83 573	13 931 147
	578 881	6 160 978

- Approved but not yet contracted for (2011/12 and 2010/11 Capital Budget):

Water	515 157 171	285 138 543
Electricity	45 630 876	14 704 082
Community	98 720 000	45 844 478
Public Transport Infrastructure	672 000	4 687 099
Roads and Storm water	178 000 000	-
Municipal Buildings	85 345 818	104 815 611
Waste	4 000 000	-
Local Economic Development	25 750 000	48 643 715
Sanitation	2 757 250	3 447 545
Other	24 389 146	3 807 563
	49 892 081	58 188 450

TOTAL

526 557 502

373 207 342

This expenditure will be financed from:

- Capital Replacement Reserve	53 861 346	54 806 870
- Government and other Grants	388 196 155	316 796 720
- Bojanala Platinum District Municipality	4 500 000	1 603 752
- Loans	80 000 000	-
TOTAL	526 557 502	373 207 342

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
40 RETIREMENT BENEFIT INFORMATION		
Personnel and Councillors are members of the following funds: Joint Municipal Pension Fund (JMPF) Municipal Gratuity Fund (MGF) Municipal Employees Pension Fund (MEPF) Municipal Councillors Pension Fund (MCPF) Government Employees Pension Fund National Fund for Municipal Workers (NFMW)		
Last known actuarial valuations is as follows:		
	Actuarial	Valuations Interim
The Municipal Gratuity Fund is a defined benefit governed under the Pension Fund Act of 1956. The most recent actuarial valuation indicated that the fund was financially	30-Jun-02	30-Jun-04
		Level
The NFMW is a fixed contribution fund and there is no statutory requirement to do an actuarial valuation	30-Jun-04	30-Jun-05
		Fully Funded
The MEPF is a fixed contribution fund.	28-Feb-02	28-Feb-05
		Fully Funded
The MCPF is a fixed contribution fund.	30-Jun-04	30-Jun-05
		Fully Funded 104.20%
The JMPF is a fixed contribution fund.	30-Jun-03	31-Dec-04
		Not Fully Funded 99.30%
All Councillors and employees belong to the 5 defined benefit retirement funds administered by the Provincial Pension Fund as disclosed above. These funds are subject to a triennial actuarial valuation.		
An amount of R35.3 million (2010: R 29, 5 million) was contributed by Council in respect of Councillor and employees retirement funding. These contributions have been expensed.		
41 CONTINGENT LIABILITY		
Bank Guarantees	1 181 197	1 181 197
These guarantees are issued in favour of the following: - S A S en Hawens R 400 - Eskom Holdings Limited R 11 299 - Magalies Water R 1 169 438		
Legal Claims	15 500 000	49 337 500
Various claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful, is disclosed.		
Estimated Legal Costs	3 000 000	1 500 000
42 RELATED PARTY TRANSACTIONS		
During the year, in the ordinary course of business, transactions between the City and the under-mentioned entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.		
42.1 Rustenburg Water Services Trust		
Rustenburg Water Services Trust is defined as a related party, due to being a 100% owned municipal entity and being the sole beneficiary of the Trust. Refer note 10.		
42.1.1 Services rendered by related parties		
Purification charges paid to RWST	40 871 591	35 954 357
Purified water purchased from RWST (Irrigation pipeline revenue)	84 906	142 933
Potable water purchased from Kloof Water Works	430 165	741 955
Bospoort Purified Potable Water	15 763 802	16 125 871
TOTAL	57 150 464	52 965 116

The RWST operate and maintain the Rustenburg, Bospoort and Boitekong water supply and purification scheme.

RUSTENBURG LOCAL MUNICIPALITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 R	2010 R
42.1.2 Interest charged to related party	196 797	199 975
Interest charged on the outstanding balance due by RWST on the finance lease agreement.		
42.1.3 Loans granted to related party	3 876 480	3 954 439
The loan reflect the outstanding balance due by RWST on the finance lease agreement		
42.1.4 Money due to related party	7 463 392	6 106 524
Represent outstanding amount due by the municipality for services rendered. The amount is payable 30 days after month end.		
42.2 Other related parties		
Councillors, the Municipal Manager and section 57 personnel reporting to the Municipal Manager are considered related parties in light of their control over the municipality as Councillors and their management position in terms of positions held in the municipality. No Inter-party business transactions took place between the Rustenburg Local Municipality and these persons and their close family members for the year under review, except as disclosed below. Details relating to their remuneration are disclosed in notes 26 and 27 above. Normal consumer services rendered to the public have also been rendered to the mentioned parties at approved tariffs that were advertised to the public.		
Transactions with key management personnel		
Mr. R Ramathlape is a section 57 personnel member currently suspended. The following transactions have occurred between the municipality and Radio Mafisa, in which he has an interest:		
a. Services rendered by Radio Mafisa to the municipality	63 800	247 056
43 OPERATING LEASE ARRANGEMENTS		
At the Statement of Financial Position date, the municipality had outstanding commitments under non-cancellable leases, which fall due as follows:		
- Up to 1 year	1 123 586	2 601 478
- 1 to 5 years	974 972	3 004 985
- More than five years	-	-
TOTAL	2 098 558	5 606 463
Operating lease payments included in Statement of Financial Performance	2 875 338	3 929 463
44 FINANCIAL INSTRUMENTS		
The municipality has exposure to the following risks from its use of financial instruments:		
- Interest Rate Risk		
- Liquidity Risk		
- Credit risk		
This note presents information about the Municipality's objectives, policies and processes for measuring and managing risks.		
Interest Rate Risk		
Rustenburg Local Municipality is not exposed to interest rate risk on its financial liabilities. All the Municipality's interest bearing external loan liabilities, as detailed in Appendix A, are fixed interest rates.		
Liquidity Risk		
Rustenburg Local Municipality adequately manages its liquidity risk by managing its working capital, capital expenditure, external borrowings and cash flows. The reserves of the municipality are adequately cash backed.		
Credit Risk		
Credit Risk consists mainly of cash deposits, cash equivalents and consumer debtors. The municipality only deposits cash with major banks. Credit Risk related to consumer debtors is managed in accordance with the Council's credit control and debt collection policy. The Council's credit exposure is spread over a large number and wide variety of consumers, and is not concentrated in any particular sector or geographical area. Adequate provision has been made for anticipated bad and doubtful debts.		
45 ROUNDING		
The amounts disclosed in the annual financial statements have been rounded to the nearest rand.		
46 COMPARISON WITH THE BUDGET		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).		

APPENDIX A

RUSTENBURG LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2011

EXTERNAL LOANS	Interest rate	Redeemable date	Balance at 30 June 2010	Received during the period	Redeemed during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equip
			R	R	R	R	R
LONG-TERM LOANS							
- INCA	13.82%	29 February 2024	48 933 919	-	(1 242 511)	47 691 408	
- ABSA - Drawdown 1	11.92%	31 May 2020	16 648 710	-	(937 560)	15 711 150	
- ABSA - Drawdown 2	12.02%	31 May 2021	17 501 345	-	(831 372)	16 669 973	
- ABSA - Drawdown 3	12.14%	31 May 2022	18 257 326	-	(735 015)	17 522 311	
Total long-term loans			101 341 300	-	(3 746 458)	97 594 842	103 961 474
FINANCE LEASES							
Avis Fleet Services (Pty) Ltd.	9%	31 May 2013	2 408 793	-	(805 172)	1 603 621	
Gestetner Finance (Fintech)	10%	30 September 2013	180 096	6 753 641	(1 516 950)	5 416 787	
Total finance leases			2 588 889	6 753 641	(2 322 122)	7 020 408	7 957 620
TOTAL EXTERNAL BORROWINGS			103 930 189	6 753 641	(6 068 580)	104 615 250	111 919 094

RUSTENBURG LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	In construction 30 June 2010	Reclassification	Additions	In construction 30 June 2011	Disposals	Closing Balance	Opening Balance	
	R	R	R	R	R	R	R	R	R
Land and Buildings									
Land	98 643 514	179 644	-	-	-	-	98 823 158	-	98 823 158
Buildings	120 052 158	61 810 293	-	-	-	-	181 862 451	36 627 024	145 235 427
	218 695 672	61 989 937	-	-	-	-	280 685 609	36 627 024	244 058 585
Infrastructure									
Drains	33 465 348	-	-	-	-	-	38 465 348	9 590 209	23 875 138
Roads	390 079 905	40 570 810	-	-	-	-	430 644 715	145 179 528	284 465 187
Sewerage Mains & Purification plant	162 834 651	5 348 792	-	-	-	-	168 183 443	52 847 892	115 335 551
Electricity Mains	591 789 889	41 926 530	-	-	-	-	433 716 419	145 558 273	288 158 146
Electricity Peak Load Equip	8 809 452	-	-	-	-	-	8 809 452	1 155 066	7 654 386
Water Mains & Purification plant	210 753 971	21 274 193	-	-	-	-	232 028 164	90 069 814	141 958 351
Reservoirs – Water	14 425 686	456 532	-	-	-	-	14 882 218	4 624 716	10 257 502
Water Meters	14 366 222	3 200 887	-	-	-	-	17 567 109	3 447 653	14 119 455
Water Mains	14 809 309	-	-	-	-	-	14 809 309	6 104 640	8 704 669
	1 241 328 433	112 777 744	-	-	-	-	1 354 106 177	459 577 791	894 528 385
Community Assets									
Parks & Gardens	9 160 062	-	-	-	-	-	9 160 062	2 985 573	6 174 489
Libraries	5 954 173	409 530	-	-	-	-	6 363 703	2 450 967	3 912 735
Recreational Grounds	45 607 196	-	-	-	-	-	45 607 196	28 587 243	17 019 953
Civic Buildings	48 499 864	-	-	-	-	-	48 499 864	21 147 592	27 346 273
	109 215 295	409 530	-	-	-	-	109 624 825	55 171 375	54 453 450
Heritage Assets									
Historical Buildings	429 115	-	-	-	-	-	429 115	-	429 115
	429 115	-	-	-	-	-	429 115	-	429 115
Total Carried forward	1 569 668 515	175 177 211	-	-	-	-	1 744 845 726	551 376 191	1 193 469 535

RUSTENBURG LOCAL MUNICIPALITY

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011 (Continue)

APPENDIX B

	Cost						Accumulated Depreciation						Carrying Value
	Opening Balance R	In construction 30 June 2010	Reclassification R	Additions R	In construction 30 June 2011 R	Disposals R	Closing Balance R	Opening Balance R	GRAP 17 Adjustments R	Additions R	Disposals R	Closing Balance R	R
Total brought forward	1 569 668 515	175 177 211	-	-	-	-	1 744 845 726	551 376 191	-	-	-	551 376 191	1 193 469 535
Housing Rental Stock	4 988 397	-	-	-	-	-	4 988 397	1 620 572	-	-	-	1 620 572	3 367 825
Housing Rental	4 988 397	-	-	-	-	-	4 988 397	1 620 572	-	-	-	1 620 572	3 367 825
Leased Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill sites	1 941 225	1 139 076	-	-	-	-	2 480 301	512 554	-	-	-	512 554	1 967 747
Office Equipment	10 063 265	-	-	-	-	-	10 063 265	7 195 781	-	-	-	7 195 781	2 857 484
Furniture & Fittings	59 887 052	-	-	-	-	-	59 887 052	34 252 115	-	-	-	34 252 115	25 634 937
Bins and Containers	2 180 392	-	-	-	-	-	2 180 392	1 236 349	-	-	-	1 236 349	944 043
Emergency Equipment	3 976 268	-	-	-	-	-	3 976 268	3 073 722	-	-	-	3 073 722	902 548
Motor vehicles	62 447 600	-	-	-	-	-	62 447 600	34 071 098	-	-	-	34 071 098	28 376 502
Fire engines	7 083 907	-	-	-	-	-	7 083 907	2 210 747	-	-	-	2 210 747	4 873 160
Refuse tankers	13 672 525	-	-	-	-	-	13 672 525	9 982 664	-	-	-	9 982 664	3 689 861
Computer equipment	77 892 944	562 630	-	146 201 768	62 809 067	(119 292 066)	168 174 343	50 037 007	-	97 882 034	(18 695 880)	129 223 161	38 951 182
Other assets	240 391 857	1 701 706	-	146 201 768	62 809 067	(119 292 066)	331 812 331	143 656 594	-	97 882 034	(18 695 880)	222 242 748	108 969 584
Total	1 815 048 768	176 878 917	-	146 201 768	62 809 067	(119 292 066)	2 081 645 453	696 653 357	-	97 882 034	(18 695 880)	775 839 511	1 305 806 942

APPENDIX C

RUSTENBURG LOCAL MUNICIPALITY SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2011

	Cost				Accumulated Depreciation				Carrying value 30 June 2011 R		
	Opening Balance R	Reclassification R	Additions R	Disposals R	Closing Balance R	Opening Balance R	Reclassification R	Additions R		Disposals R	
Executive & Council	98 339 625	-	-	-	98 339 625	3 066 871	-	-	-	3 066 871	95 272 754
Finance & Admin	53 474 129	-	-	-	53 474 129	31 276 573	-	-	-	31 276 573	22 197 555
Planning & Development	42 069 374	-	-	-	42 069 374	9 582 516	-	-	-	9 582 516	32 486 858
Health	10 168 194	-	-	-	10 168 194	5 440 228	-	-	-	5 440 228	4 727 966
Community & Social Services	103 604 313	-	-	-	103 604 313	42 079 262	-	-	-	42 079 262	61 525 051
Housing	3 183 541	-	-	-	3 183 541	2 219 551	-	-	-	2 219 551	963 990
Public Safety	49 528 981	-	-	-	49 528 981	21 773 284	-	-	-	21 773 284	71 355 677
Environmental Protection	29 801 923	-	-	-	29 801 923	7 599 908	-	-	-	7 599 908	23 402 014
Sport & Recreation	111 420 446	-	-	-	111 420 446	58 424 624	-	-	-	58 424 624	57 958 233
Waste Management	73 150 157	-	-	-	73 150 157	19 800 342	-	-	-	19 800 342	53 349 815
Waste Water Management	173 803 092	-	-	-	173 803 092	41 646 589	-	-	-	41 646 589	132 156 503
Road Transport	464 214 267	-	-	-	464 214 267	214 308 149	-	-	-	214 308 149	249 906 118
Water	253 424 326	-	-	-	253 424 326	85 668 386	-	-	-	85 668 386	167 755 940
Electricity	525 745 317	-	209 010 835	(119 292 066)	615 464 086	153 767 073	-	97 882 034	(18 695 880)	232 953 227	382 510 859
TOTAL	1 991 927 685	-	209 010 835	(119 292 066)	2 081 645 454	696 653 357	-	97 882 034	(18 695 880)	775 839 511	1 305 806 942

RUSTENBURG LOCAL MUNICIPALITY

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

APPENDIX D

2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/ (Deficit) R	Business Units	2011 Actual Income R	2011 Actual Expenditure R	2011 Surplus/ (Deficit) R
Rates and General						
455 695 929	102 970 139	352 725 790	Executive & Council	348 330 887	214 322 322	134 008 565
8 449 645	85 763 746	(77 314 101)	BTO and Corporate Services	85 722 863	108 701 644	(22 978 781)
30 152 218	28 417 714	1 734 504	Planning & Development	9 088 820	35 112 902	(26 024 082)
1 120	7 799 708	(7 798 588)	Health	5 893	8 877 163	(8 871 270)
2 204 861	27 855 912	(25 651 051)	Community & Social Services	3 817 373	30 510 937	(26 693 564)
3 542 421	63 430 137	(59 887 716)	Public Safety	9 384 070	72 254 545	(62 870 475)
332 298	34 170 160	(33 837 862)	Sport & Recreation	3 478 848	38 227 534	(34 748 686)
123 328 072	238 980 848	(115 652 776)	Road Transport	159 334 189	71 716 186	87 618 003
Housing						
6 095 972	8 539 973	(2 444 001)	Housing	5 821 147	9 505 791	(3 684 644)
Utility Services						
76 811 474	89 166 956	(12 355 482)	Waste Management	105 532 428	98 367 164	7 165 264
69 401 309	67 735 360	1 665 949	Waste Water Management	87 955 462	92 785 510	(4 830 048)
233 158 500	260 609 214	(27 450 714)	Water	350 574 798	308 751 622	41 823 176
923 391 989	739 320 791	184 071 198	Electricity	1 051 137 997	900 095 024	151 042 973
1 932 565 806	1 754 760 655	177 805 152	Sub Total	2 220 184 775	1 989 228 344	230 956 431
66 860 673	66 860 673	-	Less: Inter-departmental charges	62 811 072	62 811 072	-
1 865 705 133	1 687 899 981	177 805 152	Total	2 157 373 703	1 926 417 272	230 956 431
		177 805 152	Surplus			230 956 431

RUSTENBURG LOCAL MUNICIPALITY
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

REVENUE	2011 Actual R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of Significant Variances greater than 10% versus Budget
Property rates (see note 17)	165 347 437	163 115 033	2 232 404	1.4%	
Service charges (see note 18)	1 372 391 306	1 411 319 565	(38 928 259)	-2.8%	
Rental of facilities and equipment	5 540 375	6 558 855	(1 018 480)	-15.5%	
Interest earned - external investments	39 894 522	22 211 080	17 683 442	79.6%	
Interest earned - outstanding debtors	100 187 483	98 146 320	2 041 163	2.1%	
Fines	2 570 809	11 074 831	(8 504 022)	-76.8%	
Dividends	15 262	-	15 262	100.0%	
Royalties	332 951	570 574	(237 623)	100.0%	
Licenses and permits	8 649 832	11 285 955	(2 636 123)	-23.4%	
Income from agency services	12 590 558	11 615 000	975 558	8.4%	
Government grants and subsidies	447 976 591	493 282 005	(45 305 414)	-9.2%	
Other Income	19 160 764	36 804 383	(17 643 619)	-47.9%	
Gains on disposal of property, plant and equipment	1 441 012	-	1 441 012	100.0%	
Less: Income forgone	(18 725 198)	(24 870 588)	6 145 390	-24.7%	
Total Revenue	2 157 373 703	2 241 113 013	(83 739 309)	-3.7%	
EXPENDITURE					
Executive & Council	198 619 554	238 465 821	(39 846 267)	16.7%	
BTO & Corporate Services	108 701 644	121 022 092	(12 320 448)	10.2%	
Planning & Development	35 112 902	43 951 499	(8 838 597)	20.1%	
Health	8 877 163	8 790 529	(86 634)	-1.0%	
Community & Social Services	30 510 937	31 039 867	(528 930)	1.7%	
Housing	9 505 791	5 817 298	(3 688 493)	-63.4%	
Public Safety	72 254 545	70 159 445	(2 095 100)	-3.0%	
Sport & Recreation	38 227 534	37 229 276	(998 258)	-2.7%	
Road Transport	71 716 186	91 212 924	(19 496 738)	21.4%	
Waste Management	92 086 057	90 949 227	(1 136 830)	-1.2%	
Waste Water Management	86 504 403	97 325 264	(10 820 861)	11.1%	
Water	293 048 854	332 017 310	(38 968 456)	11.7%	
Electricity	881 251 702	970 705 004	(89 453 302)	9.2%	
Total Expenditure	1 926 417 272	2 138 685 556	212 268 284	9.9%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	230 956 431	102 427 457	128 528 975		

RUSTENBURG LOCAL MUNICIPALITY

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

Segment	2011 Actual R	2011 Under Construction R	2011 Total Additions R	2011 Budget R	2011 Variance R	2011 Variance %	Explanation of Significant Variances greater than 5% versus Budget
Executive & Council	5 202 796	-	5 202 796	7 164 562	1 961 766	27.4%	
BTO & Corporate Services	4 243 364	-	4 243 364	6 735 062	2 491 698	37.0%	
Planning & Development	1 372 855	-	1 372 855	4 400 935	3 028 080	68.8%	
Health	-	-	-	-	-	0.0%	
Community & Social Services	3 995 155	-	3 995 155	4 429 095	433 940	9.8%	
Housing	89 223	-	89 223	100 000	10 777	0.0%	
Public Safety	14 051 124	-	14 051 124	19 661 250	5 610 126	28.5%	
Sport & Recreation	3 458 548	-	3 458 548	3 734 423	275 875	7.4%	
Waste Management	21 896 400	-	21 896 400	28 659 119	6 762 719	23.6%	
Waste Water Management	5 148 502	-	5 148 502	6 299 264	1 150 762	0.0%	
Road Transport	96 126 023	-	96 126 023	109 398 324	13 272 301	12.1%	
Water	11 709 729	-	11 709 729	14 314 117	2 604 388	18.2%	
Electricity	37 297 163	-	37 297 163	32 688 793	(4 608 370)	-14.10%	
Other	4 419 953	-	4 419 953	-	(4 419 953)	100.00%	Assets identified not previously on asset register
TOTAL	209 010 835	-	209 010 835	237 584 944	28 574 109	12.0%	

APPENDIX F

RUSTENBURG LOCAL MUNICIPALITY

DISCLOSURES IN TERMS OF SECTION 123 OF THE MFMA: GRANTS AND SUBSIDIES RECEIVED FOR THE YEAR ENDED 30 JUNE 2011

Name of Grant and/or Transferring organ of state or municipal entity	Opening balance	Received	Utilized	Closing Balance	Delayed and / or withheld	Reason for delay/withholding of funds	Did the municipality comply with the grant conditions as set out in DOBA	Reason for non-compliance
EQUITABLE SHARE	-	(206 739 954)	206 739 954	-	No	Not applicable	Yes	N/a
BOJANALA District Municipality	(500 000)	(618 732)	605 810	(612 922)	No	Not applicable	Yes	N/a
DME	-	(12 000 000)	11 994 227	(5 773)	No	Not applicable	Yes	N/a
DME - OPERATING	(96 348)	(4 000 000)	3 999 086	(97 262)	No	Not applicable	Yes	N/a
COGTA	(7 291 356)	-	4 324 233	(2 967 123)	No	Not applicable	Yes	N/a
D5AC	(611 451)	(676 000)	941 344	(346 107)	No	Not applicable	Yes	N/a
D5AC - Sun City	(954 153)	(284 963)	249 968	(34 995)	No	Not applicable	Yes	N/a
DWAF	(954 153)	(1 050 000)	1 080 803	(923 350)	No	Not applicable	Yes	N/a
EPWP	-	(1 458 309)	1 458 309	-	No	Not applicable	Yes	N/a
FIFA	(3 910 914)	-	18 000	(3 892 914)	No	Not applicable	Yes	N/a
FMG	(3 493 774)	(1 000 000)	4 229 190	(264 584)	No	Not applicable	Yes	N/a
Host City (FIFA)	(18 362 616)	-	17 561 930	(800 686)	No	Not applicable	Yes	N/a
HOUSING	-	(3 491 142)	3 491 142	-	No	Not applicable	Yes	N/a
LOTTERY	(504 000)	(504 001)	996 229	(11 772)	No	Not applicable	Yes	N/a
MIG	(38 223 241)	(138 809 000)	127 531 944	(49 500 297)	No	Not applicable	Yes	N/a
MINE5	(480 655)	-	140 217	(340 438)	No	Not applicable	Yes	N/a
MSIG	(472 577)	(750 000)	1 222 577	(0)	No	Not applicable	Yes	N/a
OTHER	(29 303)	(3 067 114)	-	(3 096 418)	No	Not applicable	Yes	N/a
Royal Bafokeng(Western Bypass)	-	(12 134 951)	7 571 212	(4 563 739)	No	Not applicable	Yes	N/a
PTIS	-	(69 575 000)	52 862 182	(16 712 818)	No	Not applicable	Yes	N/a
NEIGHBORHOOD Dev. Partnership	-	(110 000)	51 703	(58 297)	No	Not applicable	Yes	N/a
SEED	(534 873)	-	71 728	(463 145)	No	Not applicable	Yes	N/a
TRAINING	-	(834 805)	834 805	-	-	-	-	-
	(75 565 262)	(457 103 971)	447 976 593	(84 692 639)				